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UNCLAS SECTION 01 OF 02 MANILA 003143

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TAGS: [EINV](#) [BEXP](#) [ETRD](#) [RP](#)
SUBJECT: AMBASSADOR MEETS WITH PHILIPPINES-U.S. BUSINESS COUNCIL

REF: MANILA 2971

MANILA 00003143 001.2 OF 002

¶1. Summary: Ambassador Kenney and Emboffs met with members of the Philippines-U.S. Business Council on July 21 to discuss areas of cooperation between the U.S. and the Philippines, including agriculture, tourism, English language proficiency, regional hubs, and trade and investment. The Ambassador highlighted Intellectual Property Rights (IPR) protection, agriculture, and the Millennium Challenge Corporation (MCC) anti-corruption initiative as areas for future collaboration. End Summary.

Philippines-U.S. Business Council

¶2. In a meeting with the Ambassador and Emboffs on July 21, members of the Philippines-U.S. Business Council highlighted areas of economic cooperation between the U.S. and the Philippines. Members of this group are chief executive officers in Filipino corporations with close business ties to U.S. corporations. The group is one of five business councils within the Makati Business Club, a prominent local organization that drew criticism from the government for expressing support of impeachment proceedings against President Arroyo in summer 2005.

Agriculture

¶3. Council members complimented U.S. efforts to help the RP develop the mango industry, citing the U.S. decision to expand Philippine mango importation to Hawaii, the Marianas, and Guam. Members also commended USDA assistance to mango growers outside Guimaras (the only island permitted to export mangos to the U.S.) in penetrating the U.S. mainland, the recent PL-480 loan to support biotechnology (see reftel), and USAID's GEM Program in Mindanao. Council members were concerned about current U.S. tuna tariffs, noting that most tuna processors are based on Mindanao, and wondered if tariffs would adversely affect development in the region.

Tourism

¶4. The Council discussed the importance of tourism, as earnings from tourism comprise 4.9% of GDP and the sector employs 2.6 million people (0.7% of the national workforce). Council members touted retirement tourism as a potential growth area due to the rapid increase in senior travelers, but this will depend on portability of health insurance and international accreditation of tourist facilities. The Ambassador observed that the Filipino-Americans are a natural customer base, and encouraged promotion of other tourist areas besides beach resorts (such as mountains and rice terraces).

The Council suggested that the U.S. travel advisory be destination-specific. The Ambassador reminded Council members that the State Department has a responsibility to American citizens to provide the most accurate assessment of security concerns in the country.

English Language Proficiency

15. Members expressed concern that Filipinos' English language ability, crucial to a highly qualified work force, has deteriorated over the past 13 years. The Ambassador noted that while Peace Corps and USAID do provide English language training to teachers from Mindanao, education and cultural exchange programs sponsored by the Embassy's Public Affairs Section may provide additional nationwide support. The Ambassador also encouraged the Council to have an open dialogue with the new GRP Secretary of Education and with English teaching departments in universities.

Regional Hubs

16. The Council highlighted the potential for Clark and Subic Special Economic Zones to become regional air and seaport hubs, respectively. Members discussed projects aimed improving infrastructure and access, and emphasized the importance of promoting Clark and Subic as investment locations for U.S. businesses.

Trade and Investment

17. Council members noted a rapid expansion in the Philippine's business process outsourcing (BPO) industry, particularly in the

MANILA 00003143 002.2 OF 002

call center market. The Ambassador stated that the call center industry provides a niche of opportunity due to Filipino enthusiasm for customer service, and noted increasing numbers of Filipino managers in call centers. Members were concerned about new U.S. port regulations increasing security and inspection procedures for U.S.-bound shipments.

Concluding Remarks

18. The Ambassador concluded the meeting on a positive note by discussing future areas of collaboration among the U.S., GRP, and private business. She underscored the GRP's improvements in IPR enforcement as positive for U.S. businesses based in the Philippines, and encouraged business leaders to work closely with the GRP on this issue. The Ambassador applauded the collaboration between the U.S. and GRP on agriculture, citing the potential for growth, particularly in the tropical fruit sector, due to U.S. support for biotechnology development. The Ambassador discussed the upcoming signing of the MCC Anti-Corruption Initiative in the Philippines and stressed the need for private businesses to support efforts against corruption. The Ambassador emphasized the importance of working together to encourage the success of programs such as the MCC to achieve greater transparency in business and government. The Council Chair cited the Coalition Against Corruption, a private organization promoting government transparency, particularly in customs and taxes.

KENNEY